

DEPARTMENT OF
PUBLIC HEALTH AND HUMAN SERVICES



Brian Schweitzer
GOVERNOR

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STATE OF MONTANA

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February 1, 2011

Representative Don Roberts, Chair
Appropriations Subcommittee
Health and Human Services
State Capitol Building
Helena, MT 59620

Dear Chairman Roberts:

We are responding to questions raised about the Big Sky Rx Program during the Department of Public Health and Human Services presentation on January 26, 2011.

Question from subcommittee Chairman Roberts: Can you provide current enrollment in Big Sky Rx by income level and if so, can you provide it for each year the program has operated? For instance, do you know the number of persons enrolled by poverty level?

Please see the chart on the next page. This is the information for the people currently enrolled in Big Sky Rx. We do not have this detailed breakout of poverty level for all people enrolled since the program began. Note that this table is cumulative – as an example, the 2837 people eligible at 130% of the federal poverty level are part of the 3335 people eligible at 135% of poverty.

The highlighted bar at 135% of poverty indicates the upper level of poverty that is covered by the Federal Low Income Subsidy (LIS) program. The federal LIS program provides partial assistance (in a manner similar to a sliding fee scale) as well as full assistance. Big Sky Rx assists those individuals with partial LIS premium assistance up to \$37.47 per month. Example – monthly premium is \$30, LIS assistance is 50% or \$15 and BSRx assistance \$15.

The LIS program, in addition to the income limit at or below 135% FPL, has a resource limit at or below \$12,640 (single) and \$25,260 (married). LIS defines resources as savings, investments, or real estate (**excluding** home lived in, vehicles, personal possessions, in-kind, life insurance policies, burial plots, irrevocable burial contracts, back payments from SSA or SSI).

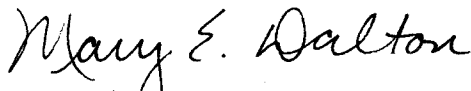
Big Sky Rx also covers clients who do not qualify for LIS because their income is below 135% FPL but they have resources above the LIS asset limits. Big Sky Rx does not cover Montanans that receive 100% LIS coverage.

Yearly FPL	Montanans on BSRx	Monthly BSRx Assistance Amounts *	Yearly BSRx Assistance Amounts*
100% FPL	1032	\$31,724.63	\$380,695.56
120% FPL	1976	\$60,506.06	\$726,072.72
130% FPL	2837	\$82,807.38	\$993,688.56
135% FPL	3335	\$95,955.04	\$1,151,460.48
140% FPL	3888	\$109,579.71	\$1,314,956.52
150% FPL	4989	\$140,260.46	\$1,683,125.52
160% FPL	6460	\$185,730.82	\$1,761,861.44
170% FPL	7866	\$230,155.12	\$2,762,221.44
180% FPL	8994	\$266,280.04	\$3,195,360.48
190% FPL	9971	\$296,900.52	\$3,562,806.24
200% FPL	10718	\$320,731.41	\$3,848,776.92

*Amounts shown are for benefits only.

Please feel free to contact either Terry Krantz at 444-4458 or tkrantz@mt.gov or me at 444-4084 or mdalton@mt.gov if you have any questions.

Sincerely,



Mary E. Dalton, Branch Manager
Medicaid and Health Services Branch

cc: Anna Whiting Sorrell
Jon Ebelt
Terry Krantz
Beckie Beckert Graham
Dan Peterson
Laurie Lamson
File 2.1

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January 31, 2011

Representative Don Roberts, Chair
Appropriations Subcommittee
Health and Human Services
State Capitol Building
Helena, MT 59620

Dear Chairman Roberts:

The following responses are being provided to answer questions about the proposed Montana Regional Five County Medicaid Demonstration Project. The deadline for submission of public comments for the Demonstration Project expired on January 24, 2011, and because these questions were received within the January 24 deadline, we will afford them the same consideration as we would for other comments submitted within that deadline. Critical analysis of the Demonstration Project has begun in light of the comments, however, and we cannot consider any further comments received after the legal timeframe has passed.

The questions and the Departments response are as follows:

(Note: There is one response for the first seven questions.)

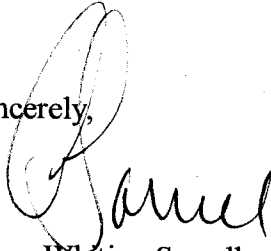
- 1. How will DPHHS ensure that any contract it awards will not be awarded to a for-profit entity?**
- 2. How will DPHHS ensure that any contract it awards will not be assigned to any entity other than the one to whom the contract is awarded through the competitive Request for Proposal (RFP) process?**
- 3. How will DPHHS guarantee that the system it proposes will not result in delay or withholding of treatment authorizations for consumers in need of services.**
- 4. How will DPHHS guarantee that providers are not subjected to unreasonable denials of claims, delays in processing payments, and requirements to exhaust complex appeals processes in order to receive payments?**
- 5. Will the contract with the managed care company have an escape clause allowing the state to immediately terminate the contract?**
- 6. What oversight infrastructure does DPHHS propose to put in place to guarantee that consumers and providers will be afforded timely and effective redress from unreasonable denial of treatment authorization and claims payment practices?**
- 7. When child/adolescent patients are reviewed for "medical necessity," will the review be done by a fellowship trained, board certified child and adolescent psychiatrist? The Department has made no decision regarding these comments, but will consider them in drafting the RFP and any subsequent agreement. In all instances, the Department will follow state and federal law, policies,**

including procurement laws and policies of the Department of Administration policies, as well as contract language regarding contract management, oversight and appeals process.

8. **What evidence does DPHHS have showing that the present system is failing to provide timely authorizations for service to those who need services?** The subject matter of this comment is not the basis for the Demonstration Project.
9. **What evidence does DPHHS have showing that the present system of authorizing and paying for mental health services does not work and again needs to subject the system to a global managed care system? In light of the harm done to consumers and the mental health delivery system by the fiasco of the 1990s experiment, why not exempt mental health services from the proposed pilot project?** DPPHS is interested in issuing an RFP for a comprehensive proposal that integrates both mental and physical health.
10. **Will the criteria for acute hospitalization and residential treatment be provided to providers before the reviews so the reasons for acceptance or denial of a treatment plan are clear?** Yes.
11. **Will the physician reviewers who are almost always from large urban areas understand and make exceptions for a rural state such as Montana where we don't have an abundance of wrap around services, child psychiatrists, partial hospital programs, or availability of intensive outpatient programs? Will they be informed of the fact that the children needing services may require longer stays in acute hospitalization and residential treatment since Montana frequently does not have access to the above 'step down' options due to smaller populations in rural areas?** Yes.
12. **Would Medicaid be willing to consider paying room and board fees for Group Home Treatment since group homes are frequently what we do have for 'step down' options in Montana?** The existing federal Medicaid program will not allow this without a waiver. A bidder may or may not choose to include such coverage in their response.
13. **Will a clear outline for the appeal process be provided if the managed care company upholds a denial and the provider disagrees? Who will arbitrate these disagreements? And, if there is a significant increase in denials once Medicaid managed care is re-implemented, will this be evaluated by an agency with experts in the child psychiatry field who are informed about Montana resources?** A clear outline for the appeals process will be included in any agreement. The Department has made no decision regarding the remainder of this question, but will consider the substance of it in drafting the RFP and any subsequent agreement. In all instances, the Department will follow state and federal law, policies, including procurement laws and policies of the Department of Administration, as well as contract language regarding contract management, oversight and appeals process.
14. **Since the physician reviewer who is employed by the managed care company receives monetary reimbursement to "review the case, is it reasonable to expect that the provider also will receive reimbursement to review the patient care with the physician reviewer?** It is highly unlikely, the Department knows of no instances where a provider is reimbursed for the time spent to review care with a managed care company. A bidder could, however, include such reimbursement in their response.
15. **How will providers be reimbursed when the patient resides outside of the area covered by the pilot project?** People living outside of the pilot project will remain on the existing Medicaid program and be subject to the rules of the program.

16. Will the answers to these questions and those posed by other interested parties be answered by the Department and made available to the public? The Department will consider the substance of any comments that were submitted during the public comment period in drafting the RFP and any subsequent agreement. In all instances, the Department will follow state and federal law, policies, including procurement laws and policies of the Department of Administration, as well as contract language regarding contract management, oversight and appeals process.

Sincerely,



Anna Whiting Sorrell
Director

cc: Subcommittee Members
Jon Ebel
Mary Dalton
Terry Krantz
Laurie Lamson
Hank Hudson

Med/legislature/subcom man care mjrbs 013111

Failed or Passed as Revised	Biennial General Fund	Biennial State Special Revenue	Biennial Federal Funds	Biennial Total
	(5,639,886)	(2,184,504)	(45,609,635)	(53,434,026)

5% and other actions Not Included in Exec Budget

(15,410,247) (23,609,105) (20,668,723) (59,688,075)

Total of Reductions to Exec Budget

(21,050,133) (25,793,609) (66,278,358) (113,122,101)

Program Name	DP Number	DP Name	Impacts	Date Voted	Status	Biennial General Fund	Biennial State Special Revenue	Biennial Federal Funds	Biennial Total	Comments
AMDD	55141	Reduce Targeted Case Management Rates	DP removes base funding from crisis diversion programs. Will result in loss of services to persons with mental health issues; may result in diversion of crisis cases to Montana State Hospital.	1/14	Passed - Not Exec	(1,238,936.00)	-	-	(1,238,936.00)	
AMDD	95331	MCDC - Reduction in Food Service Costs	Executive implemented in FY 2011	1/14	Passed - Not Exec	(737,660.00)	(223,216.00)	(1,429,792.00)	(2,167,452.00)	
AMDD	95332	Service Costs	Executive implemented in FY 2011	1/14	Passed - Not Exec	(1,976,596.00)	(223,216.00)	(1,429,792.00)	(3,629,604.00)	
AMDD Total						(66,214.00)	(12,218.00)	(88,350.00)	(166,782.00)	
BFSD	95162	5% Plan - Operations Reduction	Executive implemented in FY 2011	1/14	Passed - Not Exec	(66,214.00)	(12,218.00)	(88,350.00)	(166,782.00)	
BFSD Total						(66,214.00)	(12,218.00)	(88,350.00)	(166,782.00)	
CFSD	95301	5% Plan - Eliminate Big Brothers/Big Sisters Funds	6 communities lose between \$11,000 and \$20,000 each; high risk youth will not be mentored.	1/14	Passed - Not Exec	(190,012.00)	-	-	(190,012.00)	
CFSD	95302	5% Plan - Reduce Sub. Adopt Medical Subsidy by 25%	Children won't receive medical services, primarily orthodontia.	1/14	Passed - Not Exec	(30,920.00)	-	-	(30,920.00)	
CFSD	95303	5% Plan - Reduce Operating Expenses by 2%	Reduction in training, equipment and supplies to field offices.	1/14	Passed - Not Exec	(124,688.00)	-	(57,416.00)	(182,104.00)	
CFSD	95304	5% Plan - Reduce/Eliminate Foster Care Benefits	Foster parents will no longer receive clothing, diapers, transportation and other expenses; children will remain in foster care longer.	1/14	Passed - Not Exec	(557,702.00)	(85,630.00)	(336,768.00)	(980,100.00)	
CFSD	95305	5% Plan Reduce In-Home Reunification Svcs by 20%	Fewer children remain with birth families.	1/14	Passed - Not Exec	(531,966.00)	-	-	(531,966.00)	
CFSD Total						(1,425,268.00)	(85,630.00)	(934,184.00)	(1,905,102.00)	
DSD	10003	Non DoA rent adjustment	Reduction exceeds risk tolerance for caseload funding. May result in reduction in provider rates or services or removal of clients from the waivers. Reduction of \$2.8 million in General Fund during the biennium plus federal funds at FMAP.	1/26	Passed - Revised	(2,528,664.00)	-	(4,900,432.00)	(7,429,096.00)	
DSD	10007	Re-establish Comprehensive Waiver Base	Rent reductions in Billings, Butte, Glasgow, Great Falls, Helena, Kalispell, Miles City and Missoula field offices.	1/26	Failed	(6,778.99)	0.02	(14,994.99)	(21,773.94)	
DSD	10011	Med Ben - Restore Autism Group Home	Reduction may remove clients from the waivers; eliminate or reduce services for residential, group home and day treatment clients; and reduce provider rates. Risk of losing CMS approval for waiver, further reducing services to clients. Reduction of \$1.8 million General Fund.	1/26	Passed - Revised	(1,848,473.99)	0.02	(55,869.00)	(1,848,473.94)	
DSD	10103	Med Ben - Restore Autism Group Home	May result in reduction in provider rates or services for extremely difficult to serve children with autism. Reduction of \$42,338 total funds per year FMAP.	1/26	Passed - Revised	(28,807.00)	-	(55,869.00)	(84,676.00)	
DSD Total						(4,412,723.98)	0.04	(4,971,295.99)	(9,384,019.98)	
DTP	95011	5% Plan - Operations Efficiency	Reduction in training, equipment and supplies to field offices.	1/14	Passed - Not Exec	(10,600.00)	-	-	(10,600.00)	
DTP	95012	5% Plan - Reduce Extended Employment Benefits	# Disabled persons will lose employment opportunities.	1/14	Passed - Not Exec	(25,690.00)	-	-	(25,690.00)	
DTP Total						(36,290.00)	-	-	(36,290.00)	
HCSD	95021	5% Plan - TANF Maintenance of Effort (MOE) Reduction	Federal financial penalties at least equal to amount of reduction.	1/14	Passed - Not Exec	(715,692.00)	-	-	(715,692.00)	
HCSD Total						(715,692.00)	-	-	(715,692.00)	

Program Name	DP Number	DP Name	Impacts	Date Voted	Status	Biennial General Fund	Biennial State Special Revenue	Biennial Federal Funds	Biennial Total	Comments
		Health Care Reform Rebate Reduction	Mandatory implementation of pharmacy rebate change that decreases state share of rebate payments; loss of this funding contributes to exceeding risk tolerance for caseeload funding. May result in reduction in provider rates or services.	1/17	Failed	0.02	(1,592,837.98)	(3,087,161.98)	(4,679,999.94)	
HRD	11014	Med Ben - Indian Property Exclusion	Mandatory implementation; loss of this funding contributes to exceeding risk tolerance for caseeload funding. May result in reduction in provider rates or services.	1/17	Failed	(528,579.98)	0.02	(1,024,469.98)	(1,553,049.94)	
HRD	11027	Med Ben - Family Planning	Cannot implement family planning waiver without DP-1029.	1/17	Failed	0.02	(591,665.98)	(591,665.98)	(1,183,329.94)	
HRD	11029	Re-establish Medicaid Hospital Services Base	Loss of this funding contributes to exceeding risk tolerance for caseeload funding. May result in reduction in provider rates or services.	1/17	Failed	(614,535.98)	0.02	0.02	(614,535.94)	
HRD	11123	Eliminate Big Sky Rx Program	Elimination of the program will increase out-of-pocket expenses for almost 11,000 clients by \$37.55 per month. Clients who are unable to pay the Medicare Part D premium without this assistance may not be able to get prescription drugs.	1/14	Passed - Not Exec	-	(8,006,446.00)	-	(8,006,446.00)	
HRD	95111	9% Reduction Physician and Anesthesia RBHVS	Reduces payment to Medicare levels; decreased payment amount may impact willingness of providers to payment amount may impact willingness of providers to	1/14	Passed - Not Exec	(3,335,658.00)	-	(6,465,440.00)	(9,801,098.00)	
		Mental Health & Newborn	Decreases payments to hospitals which may result in cost shift to insured and private payers in the hospital setting. This eliminates funding previously provided as an incentive to serve children with mental illness and newborns.	1/14	Passed - Not Exec	(1,270,000.00)	-	(2,461,616.00)	(3,731,616.00)	
HRD	95113	Dental Reduction - Limit on Crown Services	Executive implemented in FY 2011	1/14	Passed - Not Exec	(636,136.00)	-	(1,233,010.00)	(1,869,146.00)	
HRD	95114	Reduction - Dual Eligible Hospital Crossover Cov.	This reduction would limit total payment from people eligible for both Medicare and Medicaid to the Medicaid rate. Hospital providers will see reduced rates for in-patient services, which may result in cost shift to insured and private payers in the hospital setting.	1/14	Passed - Not Exec	(407,972.00)	-	(790,764.00)	(1,198,736.00)	
HRD	95121	5% Plan - Eliminate Claim Jumper Publication	Executive implemented in FY 2011	1/14	Passed - Not Exec	(60,000.00)	-	(60,000.00)	(120,000.00)	
HRD	11XXX	HIT Technology Incentive Payments		1/31	Failed	-	-	(35,329,500.00)	(35,329,500.00)	
HRD Total						(7,568,573.92)	(10,190,949.92)	(51,043,625.92)	(68,802,649.76)	
		5% Plan Reduction in Temporary Services and Travel	Reduces services by independent hearings officers in appeals cases; reduces travel by Board of Public Assistance.	1/14	Passed - Not Exec	(6,440.00)	(488.00)	(9,284.00)	(16,212.00)	
MFH	95161					(6,440.00)	(488.00)	(9,284.00)	(16,212.00)	
CRSD Total						(6,440.00)	(488.00)	(9,284.00)	(16,212.00)	
PHSD	70108	WIC Infrastructure Funding		1/31	Failed	-	-	(600,000.00)	(600,000.00)	
PHSD	95071	5% Plan - Reduce general fund for data monitoring	Reduces services to local home visiting site.	1/14	Passed - Not Exec	(44,586.00)	-	-	(44,586.00)	
PHSD	95072	5% Plan - Reduce support for Family Planning	166 women per year will not receive contraceptives.	1/14	Passed - Not Exec	(77,570.00)	-	-	(77,570.00)	
PHSD	70XXX	Decrease GF for State Laboratory		1/31	Passed - Not Exec	(250,000.00)	-	-	(250,000.00)	
PHSD	70XXX	Decrease Tobacco Control with the exception of 610K for Tribal		1/31	Passed - Not Exec	-	(15,227,343.00)	-	(15,227,343.00)	
PHSD	70XXX	Eliminate family planning - contraceptives base - about		1/31	Passed - Not Exec	(903,385.00)	-	-	(903,385.00)	
PHSD Total						(1,275,541.00)	(15,227,343.00)	(600,000.00)	(17,102,884.00)	
SLTC	22119	Motor Pool Car Request		1/31	Failed	(55,335.98)	0.02	(2,005.98)	(57,341.94)	
SLTC	22120	Non Data rent adjustment @ 50%		1/31	Passed - Revised	(28,710.50)	-	(3,537.50)	(32,248.00)	

Program Name	DP Number	DP Name	Impacts	Date Voted	Status	Biennial General Fund	Biennial State Special Revenue	Biennial Federal Funds	Biennial Total	Comments
		5% Plan - 3.0 % Rdn in Medicaid Nursing Facility	Reduction in Medicaid Nursing Facility Budgets - assumes transition of 100 individuals from nursing facilities to community placement with a money-follows-the-person approach. In addition, facilities will have reductions in daily rates, budgets will be cut, services will be reduced, and access for Medicaid residents may be reduced for some facilities.	1/14	Passed - Not Exec	(2,522,222.00)	-	(4,898,773.00)	(7,410,995.00)	
SLTC	95221	5% Plan - 2.22% Rdn in Medicaid HCBS	Reduction in Medicaid HCBS Budgets - reduces HCBS waiver budgets across-the-board. Individual consumer budgets will be cut, services and/or rates will be reduced, resulting in hardship on the consumers and more difficulty in staying at home.	1/14	Passed - Not Exec	(476,104.00)	-	(922,823.00)	(1,398,927.00)	
SLTC	95222	5% Plan - Rdn in Medicaid Personal Assistance	Reduction in Medicaid Personal Assistance Budgets - reduces the authorization for meal preparation to a maximum of 4 hours or 1/3 of the total time authorized for all ADL tasks, whichever is greater.	1/14	Passed - Not Exec	(502,716.00)	-	(974,405.00)	(1,477,121.00)	
SLTC	95223					(3,585,068.48)	0.02	(6,791,544.48)	(10,376,632.94)	
SLTC Total						(126,520.00)	-	-	(126,520.00)	
TSD	95191	5% Plan IT Systems Reduction	Reductions in report processing and licensing. Some reports may be delayed, with possible financial or compliance penalties.	1/14	Passed - Not Exec	(290,114.00)	(53,764.00)	(950,282.00)	(1,294,160.00)	
TSD	95192	5% Plan IT Contract Reduction	Reduces level of effort for maintaining legacy IT systems under the ITFM contract, which could severely limit, delay, or eliminate the division's ability to maintain systems and comply with requirements for payments, eligibility, and reporting.	1/14	Passed - Not Exec	(90,824.00)	-	-	(90,824.00)	
TSD	95193	5% Plan Postage Reduction	Reduce postage for sending notices to clients; requires programming changes to add email addresses and capabilities. Not all recipients have access to electronic mail.	1/14	Passed - Not Exec	(134,100.00)	-	-	(134,100.00)	
TSD	95194	5% Plan Reduction in Printing	Reduce printing for sending notices to clients; requires programming changes to add email addresses and capabilities. Not all recipients have access to electronic mail.	1/14	Passed - Not Exec	(55,820.00)	-	-	(55,820.00)	
TSD	95195	5% Plan Computer Replacement	Moves PC fleet replacement to a 5-year cycle department-wide. Risk of failure of failure of 4-year-old desktops is 12% and laptops is 28%, with expired warranties which will reduce savings.	1/14	Passed - Not Exec	(697,378.00)	(53,764.00)	(950,282.00)	(1,701,424.00)	
TSD Total						(21,050,133.36)	(25,793,608.86)	(66,278,358.36)	(113,121,800.58)	
AGENCY Total										